

**Lieutenant Governor
Joseph E. Kernan, Director**
INDIANA DEPARTMENT OF COMMERCE
ONE NORTH CAPITOL, SUITE 700
INDIANAPOLIS, INDIANA 46204
TEL 317 232 8800
www.indianacommerce.com

For Immediate Release: Jan 9, 2003

For More Information Contact: Jeff Harris, 317.232.2464

Kernan Announces New Enterprise Zone Designations for Frankfort and Salem

INDIANAPOLIS— Residents and businesses in Frankfort and Salem are now experiencing increased opportunities for success thanks to their new designation as Urban Enterprise Zones.

Lt. Governor Joe Kernan announced today that the Indiana State Urban Enterprise Zone Board has selected areas in the two communities for the designation, which took effect Jan. 1, 2003.

“Urban Enterprise Zones help invigorate and redevelop portions of communities’ urban areas by utilizing strategic economic incentives,” said Kernan, who serves as director of the Indiana Department of Commerce. “They allow communities to focus their resources and energies on improvement – and we at Commerce are glad to be a partner in their efforts.”

Currently operating 29 zones in Indiana, the state board may approve up to two new zones each year. The initial designation period is ten years, with the option of two five-year renewals. The Department of Commerce’s Community Development Division administers the program.

The new zone in Frankfort covers approximately 1.42 square miles on the city’s southwest side. Plans call for commissioning a railroad redevelopment plan, establishing historic district tours and attractions as well as improving living conditions for zone residents.

“The enterprise zone will provide the city with the opportunity to implement community and business development as well as enhance the tax base, retain and add jobs, improve our infrastructure and provide a better quality of life in our community,” said Frankfort Mayor Roy E. Scott.

In Salem, the 1.84 square mile enterprise zone encompasses most of the downtown area. Plans there include creating job training and certification programs for residents, increasing business investment and establishing a neighborhood association in the zone.

-more-

“The city of Salem is excited about the opportunities that the newly awarded enterprise zone will offer to the community. I feel that the designation has provided the city with the resources to offer many incentive programs to our citizens and local business owners,” added Salem Mayor Judy Chastain. “We appreciate the chance to reinvest in our community and look forward to the future.”

The Enterprise Zone program, established in 1983, stimulates local community and business redevelopment in distressed urban areas. The program accomplishes this through various tax incentives within designated areas, including:

- Inventory Tax Abatement for Businesses – no property tax on business inventory.
- Investment Cost Credit for Individuals – state income tax credit for individuals purchasing an ownership interest in an enterprise zone business.
- Loan Interest Credit for Lenders – state income tax credit on lender interest income.
- Employment Expense Credit for Businesses – state income tax credit based on wages paid to qualified employees.
- Employee Tax Deduction for Employees – qualified employees’ wages exempt from state income tax.

A business’ tax savings must be reinvested in the business or the business’ employees who reside in the enterprise zone. In addition, a participating business also must contribute to the local Urban Enterprise Association (UEA) a percentage of their savings. If a business’ tax savings amounts to more than \$1,000, it must submit a one percent registration fee to the Indiana Department of Commerce for administrative purposes.

For more information on the Urban Enterprise Zone program and other community development efforts, please call the Indiana Department of Commerce’s Community Development Division at 317.232.8911 or visit the Web site at www.indianacommerce.com.

###